

Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 ARA-06 INR-05 CIAE-00 L-01 SP-02

NSC-05 NSCE-00 RSC-01 /038 W
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R 301925Z JAN 75

FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 9215

C O N F I D E N T I A L SAN JOSE 0414

LIMDIS

E.O. 11652: GDS

TAGS: EINV CS

SUBJECT: OPIC PROJECT - NORTON B. TURBOW

REF: STATE 19753

1. EMBASSY HAS DISCUSSED THE TURBOW PROJECT THOROUGHLY WITH MANSBACH AND OTHER OPIC REPRESENTATIVES. DISCUSSION WAS USEFUL AND CLEARED UP SOME POINTS ON BOTH SIDES. BALL WAS LEFT IN OPIC'S COURT AS IT WAS AGREED THAT THEY WILL RESPOND IN WRITING TO THE POINTS MADE IN PREVIOUS EMBASSY TELEGRAMS. WE BELIEVE IT WILL BE IMPORTANT TO HAVE THIS MATERIAL ON THE RECORD.

2. FOR DEPARTMENT'S INFORMATION, EMBASSY CONTINUES TO HAVE SERIOUS RESERVATIONS ABOUT THIS PROJECT, MOST OF WHICH ARE WELL EXPRESSED IN THE DEPARTMENT'S REFTEL. SPECIFICALLY, THE EMBASSY CONTINUES TO AGREE WITH PARAGRAPHS 4, 5, 7 AND 8 OF REFTEL. RE PARAGRAPH 3 OF REFTEL, THE EMBASSY IS IN SUBSTANTIAL AGREEMENT WITH THIS PARAGRAPH EXCEPT FOR STATEMENT THAT A U.S. CORPORATION WILL BE THE MORTGAGEE OF RECORD. OPIC REPRESENTATIVES EXPLAINED THAT VARIOUS U.S. SAVINGS AND LOAN INSTITUTIONS, POSSIBLY INCLUDING THE PUERTO RICO FINANCIAL CORPORATION, WILL BE THE MORTGAGEES OF RECORD. THIS DOES NOT CHANGE THE THRUST OF DEPARTMENT'S POINT, IN THAT THE PROJECT WILL STILL
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FACILITATE AMERICAN ACQUISITION OF REAL ESTATE IN

COSTA RICA IF AMERICANS BUY THE HOMES TO BE BUILT UNDER THE PROJECT.

3. RE PARAGRAPH 6 OF REFTTEL CONCERNING THE BONA FIDES OF PARTICIPANTS, THE EMBASSY HAS RECENTLY LEARNED THAT THE LOCAL PARTICIPANT IS A COMPANY OF GOOD REPUTE. WE WOULD STILL WISH TO BE INFORMED ABOUT THE REPUTATIONS OF THE OTHER PARTICIPANTS AND ABOUT THE OWNERSHIP OF THE PANAMANIAN AND PUERTO RICAN CORPORATIONS.

4. BASICALLY OPIC'S ARGUMENT IS THAT THE TURBOW PROJECT IS NOT A REAL ESTATE DEVELOPMENT BUT IS AN IMAGINATIVE NEW TYPE OF FINANCIAL MECHANISM TO MOVE U.S. SAVINGS AND LOAN FUNDS ABROAD. THEY ASSERT THAT ALTHOUGH THE HOUSES TO BE BUILT ARE EXPENSIVE, THE MECHANISM, ONCE ESTABLISHED, COULD LEAD TO CONSTRUCTION OF LOW INCOME HOUSES WHICH WOULD HAVE MORE OF A DEVELOPMENT IMPACT. THE EMBASSY FINDS IT DIFFICULT TO UNDERSTAND HOW PRODUCING \$30,000 HOUSES WILL LEAD TO PRODUCING \$3,000 HOUSES. MOREOVER, EVEN IF THE TURBOW FINANCIAL MECHANISM COULD ULTIMATELY BE USED FOR LOW COST HOUSING THERE WOULD APPEAR TO BE NO NEED FOR IT AS AID ALREADY HAS A HOUSING INSURANCE PROGRAM FOR LOW COST HOUSING.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: HOUSING, CONSTRUCTION, PROGRAMS (PROJECTS), REAL PROPERTY ACQUISITION, FOREIGN INVESTMENTS, LOAN GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JAN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANJO00414
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750035-0673
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975016/aaaaafdw.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 75 STATE 19753
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 08 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 SEP 2003 by ElyME>; APPROVED <09 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC PROJECT - NORTON B. TURBOW
TAGS: EINV, CS, OPIC, (TURBOW, MORTON B)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006